

# **Fiber-to-the-Home**

***Today's true broadband solution***



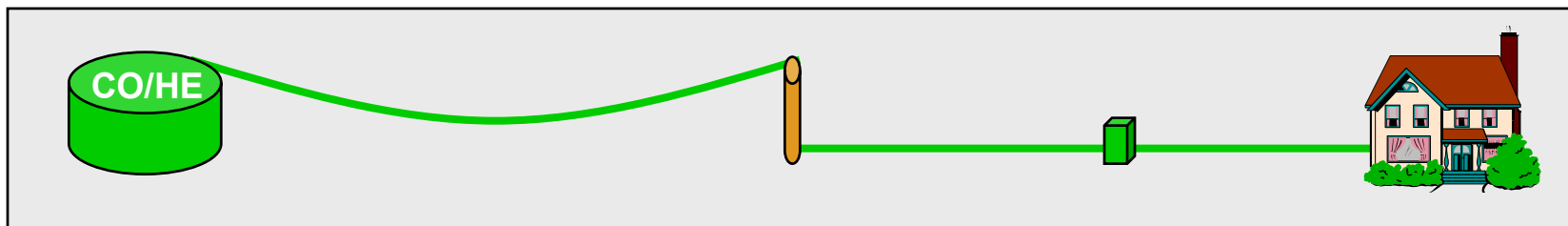
James Salter,	President of the FTTH Council
Darryl Ponder,	CEO of Optical Solutions
Jerry Roby,	Chairman of IMC Networks
Leonard Ray,	FTTH Council Government Relations Committee Chairman

# The Fiber-To-The-Home (FTTH) Council

*Visit us on the web at [www.ftthcouncil.org](http://www.ftthcouncil.org)*

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- Mission: To educate, promote and accelerate FTTH and the resulting quality-of-life enhancements

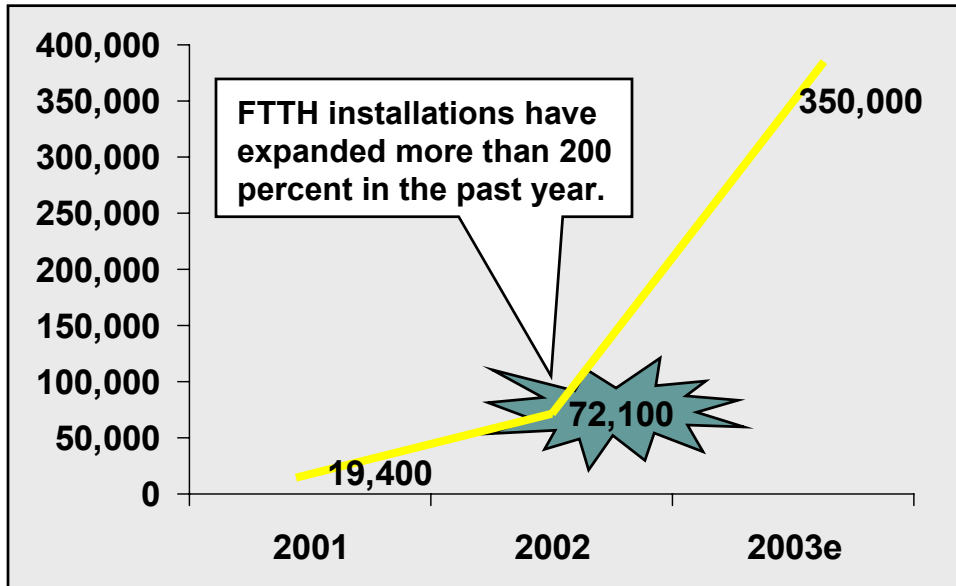


- Membership: 79 member companies and growing

Private service providers:	8	Component providers:	15
Municipal service providers:	8	Construction equipment:	1
Equipment vendors:	32	Cable manufacturer:	2
Systems integrator:	1	Engineering companies:	12

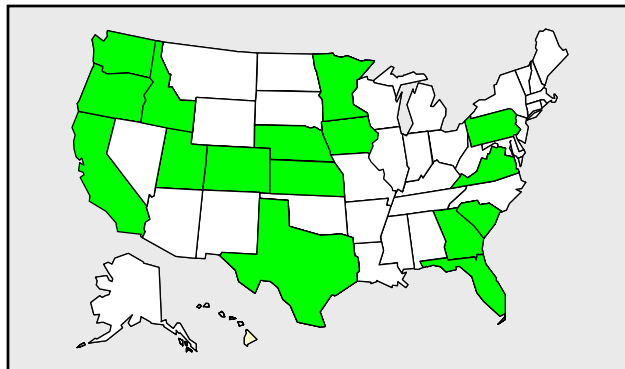
# FTTH is a viable technology today

## List of 'US Optical Fiber Communities'\*



**“The cost of FTTH today ranges from \$600 to \$900 per home passed and \$1700 to \$2200 per home served.”**

**- Darryl Ponder, CEO of OSI**



Alberta, MN  
 Albertville, MN  
 Almena, KS  
 Avery Ranch, TX  
 Bear Creek, ID  
 Bristol, VA  
 Broadlands, VA  
 Blair, NE  
 Bluffton, SC  
 Burleson, TX

Cambridge, IA  
 Canyon Gate, TX  
 Chelan County, WA  
 Chokio, MN  
 Colorado City, CO  
 Crystal Falls, TX  
 Daniel Island, SC  
 Daytona Beach, FL  
 Douglas County, WA  
 Dunwoody, GA  
 East Ottertail, MN  
 Evermore, MN  
 Grand Lake, TX  
 Grant County, WA  
 Guthrie Center, IA  
 Hill City, KS  
 Huxely, IA  
 Issaquah Highlands, WA  
 Kamas, UT  
 Kutztown, PA

Lakes on Eldridge, TX  
 Lansdowne, VA  
 Laredo, TX  
 Mason County, WA  
 Morris, MN  
 Houston, TX (x3)  
 North Richland, TX  
 Norton, KS  
 Osborne, KS  
 Palo Alto, CA  
 Poppy Meadows, CA  
 Prove, UT  
 Roseville, CA  
 Rye, CO  
 Sacramento, CA  
 Slater, IA  
 Woodburn, OR

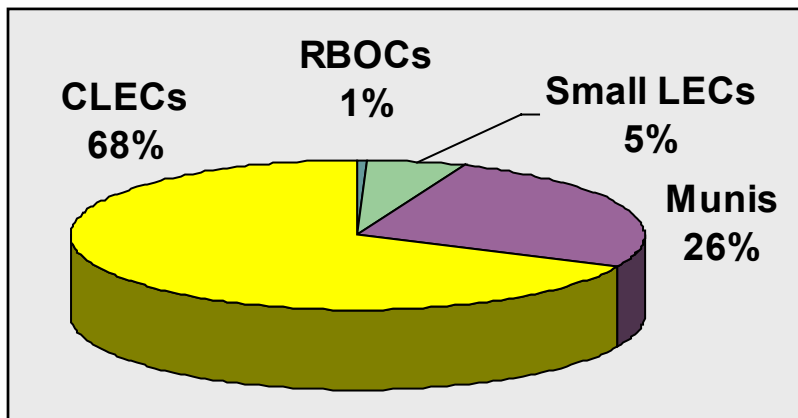
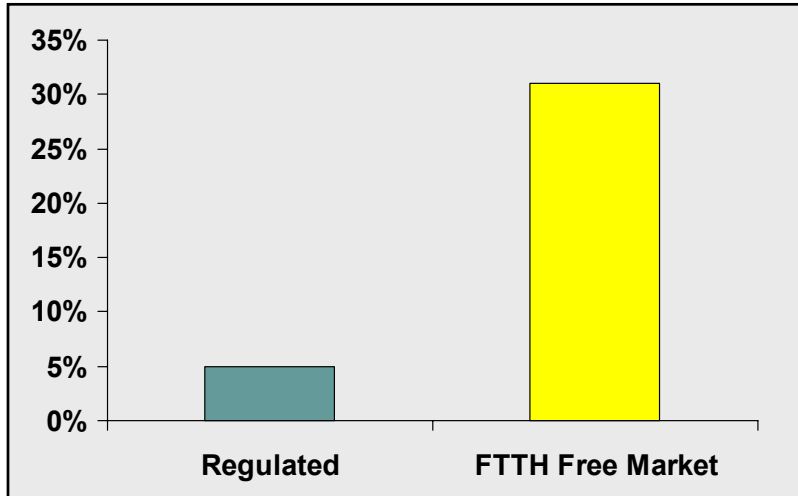
Source: Render, Vanderslice & Associates and the FTTH Council

\* Many more in construction and pre-construction phases



# UNE regulations are inhibiting FTTH

## *CSMG study quantifies the cost of regulation*



- CSMG found that removing FTTH from UNE regulation would increase FTTH investment 6x from 5% to 31% of the subscriber base

Source: Cambridge Strategic Management Group (CSMG)  
*Assessing the Impact of Regulation on Deployment of FTTH*, April 5 '02

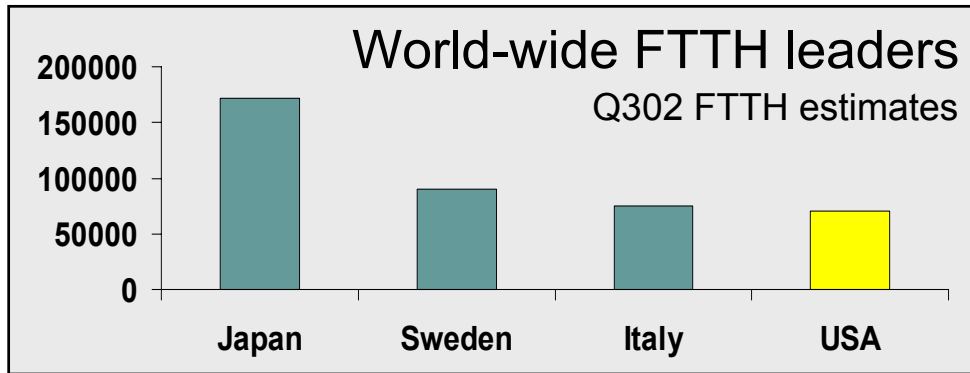
- Entities without unbundling obligations are deploying FTTH
  - CLECs 68%
  - Munis 26%
- Entities with unbundling obligations are not deploying FTTH
  - RBOCs <1%

Source: Render, Vanderslice & Associates  
and the FTTH Council



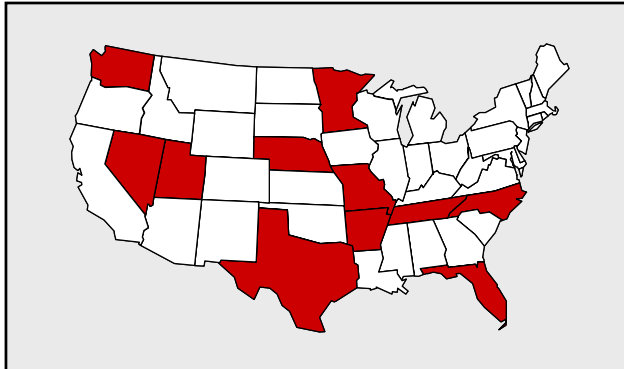
# U.S. needs a cohesive broadband strategy

## *FCC should be the authority on regulation of FTTH*



- Other countries have national plans
  - FTTH deployments in Japan in Nov '02 (34,314) exceeded all U.S. FTTH builds in 2001
  - U.S. dropped from 4th to 6th for overall broadband lines

Source: Japan's Ministry of Telecommunications, FTTH Council, and OECD Dec 2002

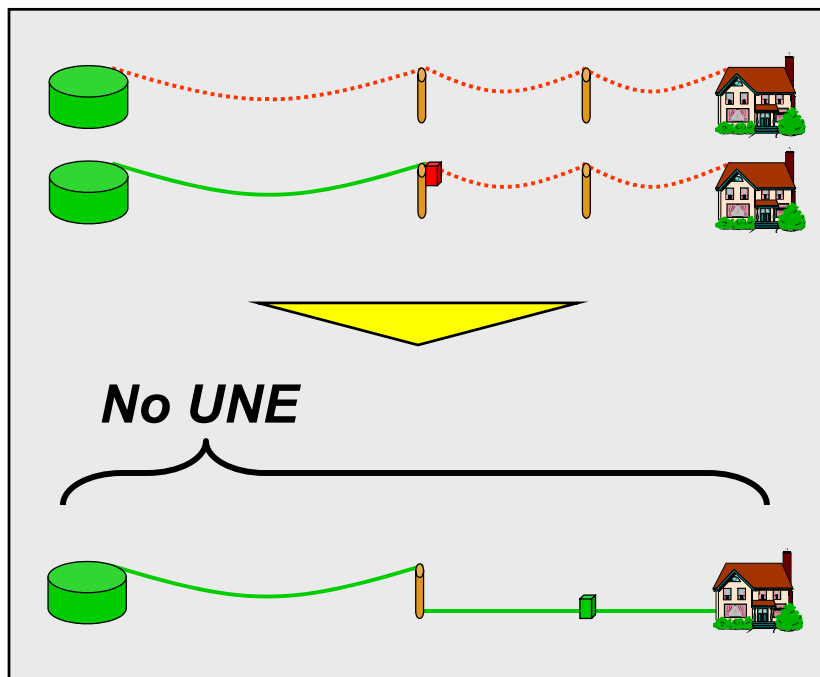


- Market confusion example: 11 states have laws preventing or hindering municipalities from providing telecom services despite the Telecommunications Act prohibition
- FCC has the exclusive right to make unbundling decisions

- FCC should be the definitive authority on the regulation of FTTH networks

# The FTTH Council's proposal

## *Recommendations to the FCC*



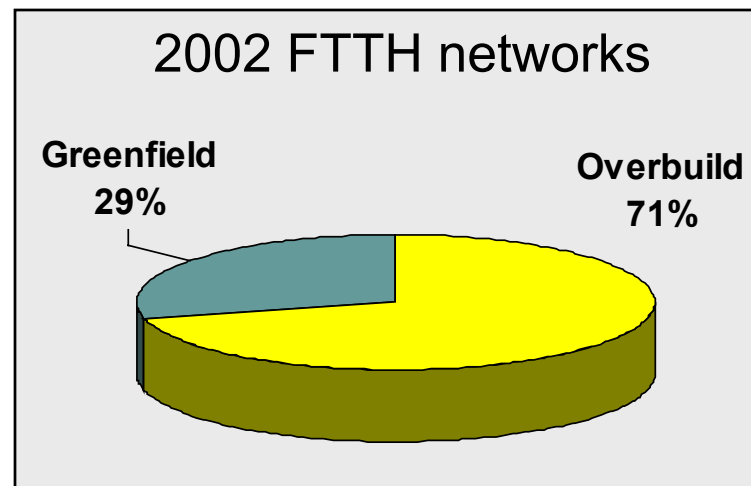
- Relieve FTTH networks from the unbundling requirement in Section 251(c)(3)
  - For new builds, relieve ILECs from obligations to deploy copper to subscribers served by FTTH
  - For overbuilds, ILECs should be allowed to retire or sell only the copper distribution and drop to subscribers served by ILEC FTTH
- FCC to exercise definitive national authority to determine the unbundling requirements on FTTH

# The FTTH Council's proposal

## *Remove FTTH networks from UNE regulation*

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- Recommendation:
  - Relieve FTTH networks from the unbundling requirement in Section 251(c)(3)
  - For new builds, relieve ILECs from the obligation to deploy copper to subscribers served by FTTH
- Rationale:
  - Increase FTTH investment 6x
  - CLECs can self-provide
  - CLECs can use resale
  - CLECs can use remaining copper plant on unbundled basis
  - CLECs and ILECs are in the same position to compete
  - Will enhance competition against cable TV

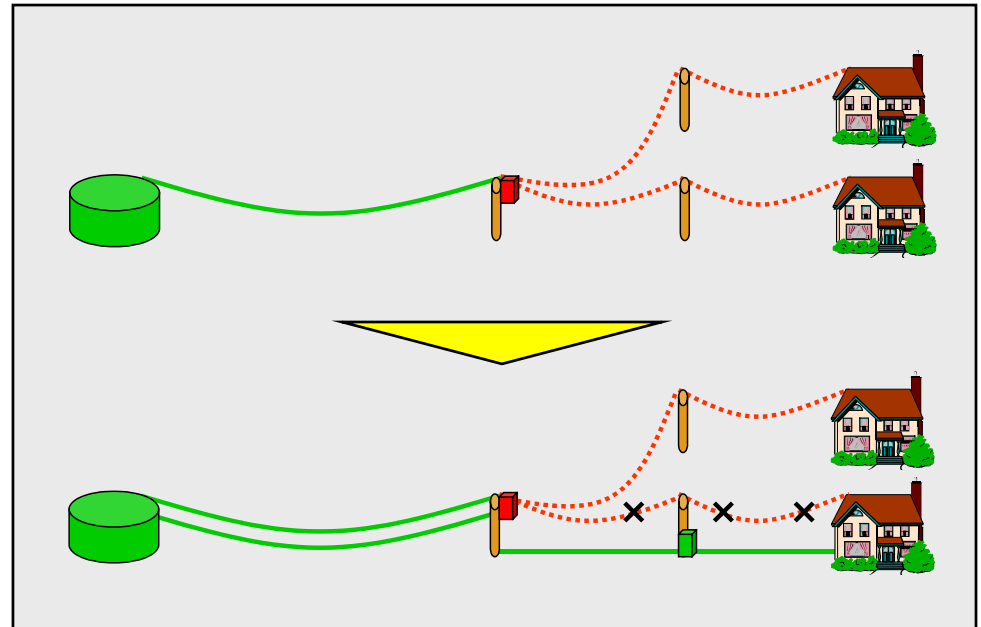


Source: Render, Vanderslice & Associates  
and the FTTH Council

# The FTTH Council's proposal

## *Allow ILECs to retire copper where FTTH is built*

- Recommendation
  - For overbuilds, ILECs should be allowed to retire or sell only the copper distribution and drop to provide service to subscribers served by FTTH
- Clarification:
  - FTTH will be lit one subscriber at a time
  - Because FTTH will serve only 31% of the subscribers, the copper network must be maintained to serve the majority of subscribers
  - The copper plant will continue to be subject to the unbundling rules
  - Because the proposal is so narrow, the impact on the scope of the unbundling rules is insignificant - - - 85% of the subscribers will be served by copper in 2013





# The FTTH Council's proposal

## ***Allow ILECs to retire copper where FTTH is built***

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- Recommendation
  - *(Continued from previous slide)*
- Rationale:
  - CLECs have proven their ability to overbuild and therefore can self-provide
  - CLECs can get access through resale
  - After experiencing FTTH-enabled applications, subscribers are unlikely to switch
  - Cost of maintaining copper will slow FTTH deployment by 14% according to CSMG
  - Impacts a small portion of subscribers served by copper - - 15%-18% of subscribers by 2013

# The FTTH Council's proposal

## ***Allow ILECs to retire copper where FTTH is built***

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- Recommendation
  - *(Continued from previous two slides)*
- Other overbuild options:
  - Require ILECs to temporarily maintain (i.e. 2-3 years) the copper loop connected to subscribers served by FTTH
  - Require ILECs to maintain the copper connected to subscribers served by FTTH only where a CLEC is using or has used the copper
  - Allow ILECs to let copper connected to subscribers served by FTTH to lay fallow (i.e. incur no operational costs) until a CLEC requests to use the copper

# The FTTH Council's proposal

## *FCC should be the definitive authority*

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- Recommendation:
  - FCC should be the definitive national authority in making unbundling decisions on FTTH
- Rationale:
  - States add confusion when they negate federal findings
  - Predominant services provided over FTTH are interstate in nature
  - Proposal does not involve local issues
  - No fact-based “granularity” findings must be made
  - Congress has given the FCC preemptive authority to make unbundling decisions

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